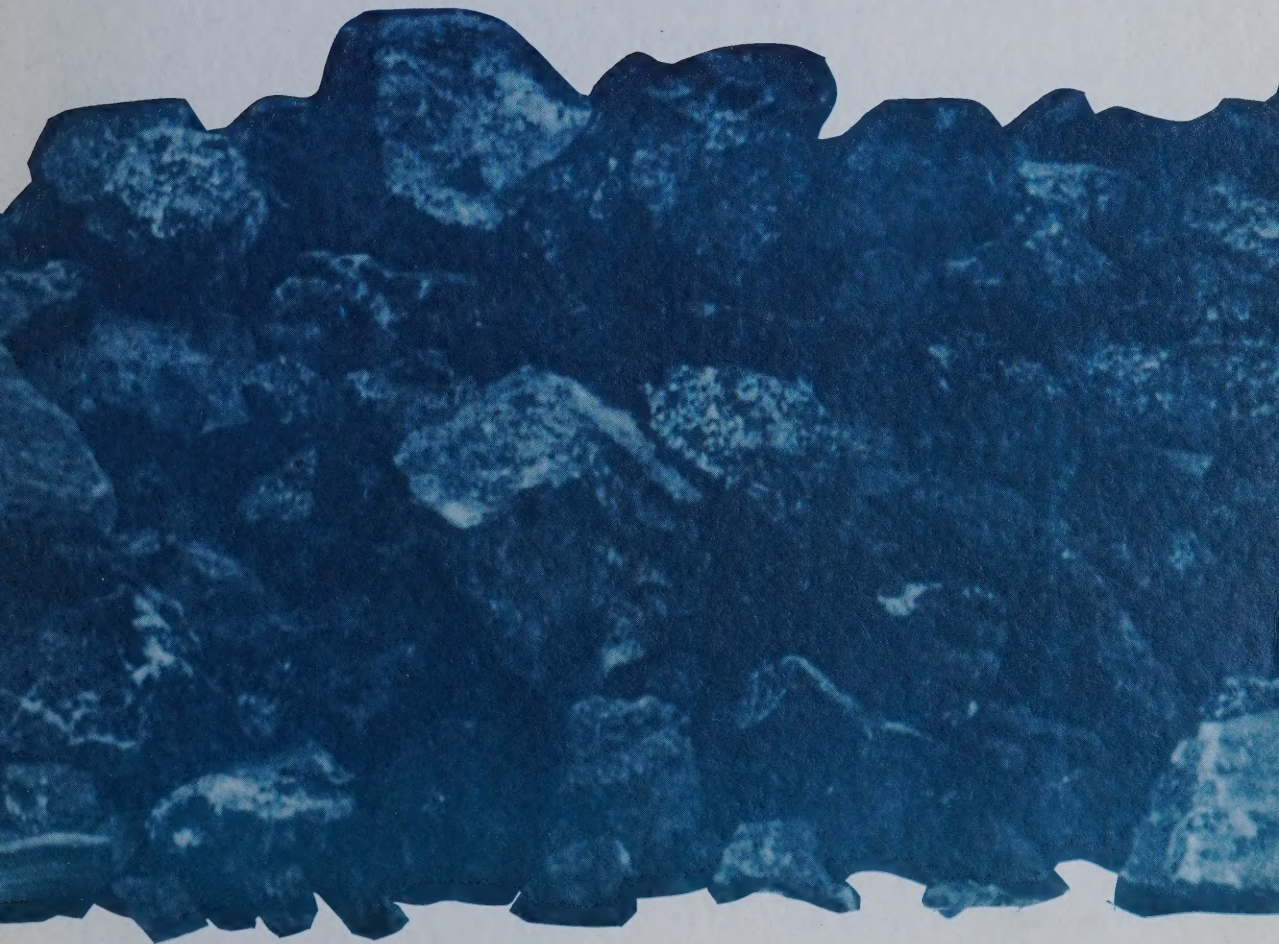


AR48

# COLUMBIA METALS CORPORATION LIMITED



ANNUAL REPORT 1968

# ***Columbia Metals Corporation Limited***

OFFICERS	Robert Dye, Toronto, Ontario, <i>President</i> Walter William Fisher, Toronto, Ontario, <i>Vice-President</i> Charles William Streit, Toronto, Ontario, <i>Secretary-Treasurer</i>
DIRECTORS	Robert Dye, Toronto, Ontario Charles William Streit, Toronto, Ontario Harold Chaplin, Toronto, Ontario Monte Cecil Beder, Toronto, Ontario Walter William Fisher, Toronto, Ontario
HEAD OFFICE	Suite 1002, 80 Richmond Street West, Toronto 1, Ontario
FIELD OFFICE	Ferguson, British Columbia
REGISTRAR AND TRANSFER AGENT	Canada Permanent Trust Company 1901 Yonge Street, Toronto, Ontario and 400 Burrard Street, Vancouver, British Columbia
SOLICITORS	McLean, Lyons and Kerr, Toronto, Ontario
BANKERS	Canadian Imperial Bank of Commerce, Toronto, Ontario
AUDITORS	Thorne, Gunn, Helliwell & Christenson 101 Richmond Street West, Toronto, Ontario

*The front cover photograph shows some of the high grade rock that has been stockpiled as a result of underground work on the Ferguson property in British Columbia.*



# President's Report to Shareholders

OCT 25 1968

It is with great pleasure that I am submitting the annual report for 1968 and the accompanying financial statements on behalf of the Board of Directors for your approval.

In general, the past year has been one of consolidation for Columbia Metals Corporation Limited. Exploration and development work continued on your company's main property near Ferguson in British Columbia and negotiations are now in progress for the acquisition of two new properties.

On a broader front, disturbances in the international monetary system have resulted in higher prices for both silver and gold. The rise in price for silver — from \$1.25 per ounce to a high of \$2.68 per ounce — is of particular significance to the economic value of the Ferguson property where silver is a primary metal. Silver is currently selling at approximately \$2.25 per ounce.

There has been no permanent solution yet to resolve the monetary disturbances and any increase in both the price of silver and gold will be of considerable benefit to your company.



DRILL CORE IS EXAMINED BY TWO OF THE  
FIELD CREW AT THE FERGUSON PROPERTY

## FERGUSON PROPERTY

60,000 tons of ore have been confirmed on the Ferguson property. Providing sufficient tonnage is proved up to support a 200 ton per day mill, production financing will be made available to the company. Work is therefore being directed solely to outline sufficient tonnage for the production decision to be made.

The tonnage outlined to date, grading 6.9 ozs. silver and 0.044 oz. gold per ton plus 6.7% zinc and 6.0% lead, has all been developed on the True Fissure claim group. The True Fissure is one of five claim groups within a half mile radius on which underground development work has been carried out by previous owners since late in the last century.

These groups, coupled with the remaining 22 claims, were never held by one company until Columbia Metals Corporation acquired total ownership.

Through various stages of development work, a total of 751,400 tons was estimated to be either assured, indicated, insight, possible and probable on these five claim groups. The estimates were based on a total of 6,175 feet of underground work.

Your company, guided by the work carried out in the past and by extensive reports compiled by the consultants then working on the properties, has concentrated its program on the True Fissure and Broadview claim groups to date. It was felt that sufficient tonnage to support a 200 ton per day mill could be outlined more economically by concentrating the work programs on these groups.

On the True Fissure group, reports from programs carried out in 1938 indicate tonnage of 57,400 tons grading 6.7 ozs. silver and 0.044 oz. gold per ton plus 6.7% zinc and 6.0% lead. Your company rehabilitated the old workings and carried out an additional 238 feet of drifting on the No. 2 level to confirm this estimate this year.



This summer, work has been concentrated on the Broadview group with the No. 3 level rehabilitated and diamond drilling carried out designed to intersect the downdip extension of a known mineralized zone. The zone, according to a report by consulting engineer N.W. Emmons in 1911, is estimated to contain 74,700 tons in sight and 330,800 tons of probable reserves. Drilling failed to return results encouraging enough to merit further rehabilitation of the third level and it is now planned to rehabilitate the Nos. 1 and 2 levels to confirm Emmons' tonnage estimate.

If the tonnage reported "in sight" on the Broadview is confirmed and the grade indicated is comparable to the True Fissure ore body, these combined reserves will justify and support the 200-ton mill, to which reference has been made.

As shareholders will have noted from our most recent report, surface work now in progress has uncovered a new showing on the Great Northern group. Initial sampling, including a chip sample across a 3.5-foot fissure, is considered significant by J.W. Stollery, P.Eng., a Consulting Engineer. The chip sample averaged 36.5 ozs. silver and 0.26 oz. gold per ton plus 23.87% lead, 0.11% copper and minor

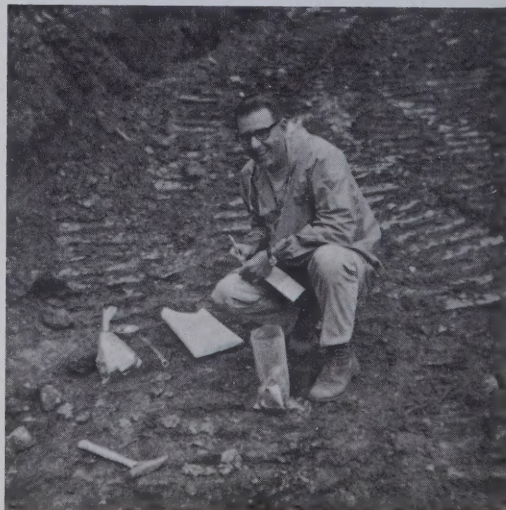
The three other samples, all grab samples, assayed:

NO.	GOLD (oz. per ton)	SILVER	% LEAD	% COPPER	% ZINC
1	0.07	67.4	54.48	0.07	1.25
2	0.32	33.0	30.62	0.05	0.15
3	0.04	55.7	64.32	0.12	2.10

The electromagnetic survey, which is to be carried out over the entire property to help pinpoint targets for both surface and underground drilling, is also in progress. This survey was recommended by Mr. Stollery and has been completed over the True Fissure group at present.

In summary, 60,000 tons of high grade reserves, grossing over \$70.00 per ton, have been confirmed and we have a target tonnage figure of 750,000 tons based on past reports to aim at. This does not include any additional tonnage that may be found in continued work over the unexplored portion of the property.

The property is equipped with all necessary accommodation and equipment, including camps, diesel plant, compressors, trammer, mucking machine, mine cars, etc., to carry on active mining operations.



CONSULTING ENGINEER J.W. STOLLERY IS SEEN CUTTING SAMPLES (LEFT) AND BAGGING THEM FOR ASSAYING





PRESIDENT ROBERT DYE (LEFT) AND AN OBSERVER EXAMINE HIGH GRADE UNDERGROUND SAMPLES DURING A VISIT TO THE FERGUSON PROPERTY THIS SUMMER

## FINANCIAL POSITION

As the accompanying statements for the year ended December 31st, 1967, and for the six months ended June 30th, 1968, show, Columbia Metals is in a strong position to continue its planned exploration and development programs. Options are outstanding under a current financing agreement by which a further \$180,000 will be added to your company's treasury when and if the options are exercised.

## GENERAL

New management took over control of your company late in 1967 and has provided \$180,000 in financing to date. An aggressive policy of exploration and development is being maintained by your Board of Directors.

On Behalf of The Board,  
Robert Dye,  
President.

## NEW PROPERTIES

Negotiations are currently in progress for the acquisition of an interest on a working option basis in two uranium properties. The two properties are located in the Mont Laurier area of Quebec where a new discovery of possible economic importance was recently announced by Canadian Johns-Manville Limited and in the Kenora area of Northwestern Ontario.

The negotiations are nearing final agreement and details of the terms and Columbia Metals' participation in exploration of these two properties will be forwarded to shareholders as soon as negotiations are completed.

# Columbia Metals Corporation Limited

(INCORPORATED UNDER THE LAWS OF THE PROVINCE OF ONTARIO)

## BALANCE SHEET — DECEMBER 31, 1967 (with comparative figures at December 31, 1966)

	<u>ASSETS</u>	<u>1967</u>	<u>1966</u>
<b>Current Assets</b>			
Cash including term deposit		\$105,106	\$101,141
Prepaid expenses		840	576
		<u>105,946</u>	<u>101,717</u>
<b>Fixed Assets</b>			
Mining claims held under Crown grant and miner's certificate in the Kootenay District, British Columbia, at cost, consisting of \$61,870 cost to predecessor company, \$15,251 cash paid by the company (\$19,441 at December 31, 1966) and 275,000 shares of capital stock issued at 10¢ per share		104,622	108,812
Buildings and equipment at cost less amount written off (note 1)		<u>76,882</u>	<u>48,235</u>
		<u>181,504</u>	<u>157,047</u>
<b>Deferred Expenditures</b>			
Exploration, development and administrative expenditures		451,947	388,773
Organization expense		<u>4,920</u>	<u>4,920</u>
		<u>456,867</u>	<u>393,693</u>
		<u>\$744,317</u>	<u>\$652,457</u>

## LIABILITIES

<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		\$ 19,605	\$ 13,555
<b>Non-Current Liabilities</b>			
Advances by Yellowknife Bear Mines Limited, repayable only out of production, and due by instalments equal to 10% of net smelter receipts (note 2)		<u>383,462</u>	<u>383,462</u>

## SHAREHOLDERS' EQUITY

<b>Capital Stock</b> (note 3)			
Authorized — 4,000,000 shares of \$1 each			
Issued — 2,576,504 shares (1966 — 2,376,504 shares)		2,576,504	2,376,504
Less discount		<u>2,058,854</u>	<u>1,948,854</u>
		517,650	427,650
		<u>176,400</u>	<u>172,210</u>
<b>Deficit</b>		<u>341,250</u>	<u>255,440</u>
		<u>\$ 744,317</u>	<u>\$ 652,457</u>

Approved on behalf of the Board,  
 "J. F. Paxton", Director  
 "Charles William Streit", Director

## AUDITORS' REPORT

To the Shareholders of  
 COLUMBIA METALS CORPORATION LIMITED

We have examined the balance sheet of Columbia Metals Corporation Limited as at December 31, 1967 and the statements of exploration, development and administrative expenditures deferred, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1967 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON  
 Chartered Accountants

Toronto, Canada, January 10, 1968



# ***Columbia Metals Corporation Limited***

## **STATEMENT OF EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES DEFERRED**

**Year Ended December 31, 1967  
(with comparative figures for 1966)**

	<u>1967</u>	<u>1966</u>
<b>EXPLORATION AND DEVELOPMENT EXPENDITURES</b>		
Wages	\$ 15,650	\$ 9,829
Diamond drilling		12,896
Road construction and maintenance	9,978	
General expense at the property	3,752	4,837
Equipment rental, tools and repairs	13,432	3,442
Assaying	26	338
Geologists' fees and expenses		536
Engineering salary and expenses	5,187	6,317
Insurance	797	92
Taxes, licenses and water rights rentals	594	1,091
Watchman's salary and snow removal		1,200
Loss on disposal of automotive equipment	1,348	
Other exploration expenditures	<u>2,726</u>	<u>2,095</u>
	<u>53,490</u>	<u>42,673</u>
<b>ADMINISTRATIVE AND OTHER EXPENDITURES</b>		
Travelling	2,162	1,970
Legal fees and expenses	4,645	5,456
Accounting and audit fees	2,375	1,185
Shareholders' reports	1,907	637
Transfer agent and registrar fees	600	859
Stock listing expense	(1,000)	1,550
Telephone and telegraph	543	509
Miscellaneous expenses	<u>133</u>	<u>539</u>
	<u>11,365</u>	<u>12,705</u>
	64,855	55,378
Deduct interest received	<u>1,681</u>	
Expenditures (net) for the year	63,174	55,378
Expenditures deferred at beginning of year	<u>388,773</u>	<u>333,395</u>
Expenditures deferred at end of year	<u>\$451,947</u>	<u>\$388,773</u>

## **STATEMENT OF DEFICIT Year Ended December 31, 1967 (with comparative figures for 1966)**

	<u>1967</u>	<u>1966</u>
Balance at beginning of year	\$172,210	\$172,210
Cost of mining claims abandoned	<u>4,190</u>	
Balance at end of year	<u>\$176,400</u>	<u>\$172,210</u>

# Columbia Metals Corporation Limited

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year Ended December 31, 1967  
(with comparative figures for 1966)

	<u>1967</u>	<u>1966</u>
<b>SOURCE OF FUNDS</b>		
Capital stock issued for cash	\$ 90,000	\$160,000
Advances by Yellowknife Bear Mines Limited		<u>5,431</u>
	<u>90,000</u>	<u>165,431</u>
<b>APPLICATION OF FUNDS</b>		
Excess of expenditures over interest received for the year	63,174	55,379
Deduct loss on disposal of automotive equipment not requiring current outlay	<u>1,348</u>	
	61,826	<u>55,379</u>
Purchase of mining claims		4,190
Purchase of equipment	<u>29,995</u>	<u>18,235</u>
	<u>91,821</u>	<u>77,804</u>
Increase (decrease) in working capital	(1,821)	87,627
Working capital at beginning of year	<u>88,162</u>	<u>535</u>
Working capital at end of year	<u>\$ 86,341</u>	<u>\$ 88,162</u>

## NOTES TO FINANCIAL STATEMENTS

December 31, 1967

### 1. BUILDINGS AND EQUIPMENT

Buildings and equipment costing \$370,564 were written down to \$30,000 at June 30, 1963 in recognition of the physical deterioration which had occurred over a period of years. Since June 30, 1963 expenditures on purchases of equipment have amounted to \$46,882.

### 2. ADVANCES BY YELLOWKNIFE BEAR MINES LIMITED

Under an agreement with Yellowknife Bear Mines Limited dated January 26, 1953 the company's liabilities under its mortgages and notes were reduced to the amount paid by Yellowknife Bear Mines Limited to acquire the obligations and Yellowknife Bear Mines Limited undertook to conduct certain exploration work upon the company's properties. Amounts expended by Yellowknife Bear Mines Limited in acquiring such obligations and in exploration are to be repaid, without interest, upon bringing the property into production.

### 3. CAPITAL STOCK

Pursuant to an underwriting and option agreement dated September 20, 1967, 100,000 shares of the company's capital stock have been issued at 40¢ per share and 100,000 shares have been issued at 50¢ per share.



# Columbia Metals Corporation Limited

(INCORPORATED UNDER THE LAWS OF ONTARIO)

## BALANCE SHEET — JUNE 30, 1968 (with comparative figures at June 30, 1967)

<u>ASSETS</u>		1968	1967
<b>Current Assets</b>			
Cash including term deposit		\$ 59,915	\$ 84,234
Prepaid insurance		594	266
Utility deposit		200	
		<u>60,709</u>	<u>84,500</u>
<b>Fixed Assets</b>			
Mining claims held under Crown grant and miner's certificate in the Kootenay District, British Columbia, at cost, consisting of \$61,870 cost to predecessor company, \$15,251 cash paid by the company (1967 \$19,441) and 275,000 shares of capital stock issued at 10¢ per share		104,622	108,812
Buildings and equipment, at cost less amount written off (note 1)		<u>77,712</u>	<u>49,759</u>
		<u>182,334</u>	<u>158,571</u>
<b>Deferred Expenditures</b>			
Exploration, development and administrative expenditures		546,502	393,295
Organization expense		<u>4,920</u>	<u>4,920</u>
		<u>551,422</u>	<u>398,215</u>
		<u>\$794,465</u>	<u>\$641,286</u>
<u>LIABILITIES</u>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		\$ 9,753	\$ 2,384
<b>Non-Current Liabilities</b>			
Advances by Yellowknife Bear Mines Limited, repayable only out of production, and due by instalments equal to 10% of net smelter receipts (note 2)		<u>383,462</u>	<u>383,462</u>
<u>SHAREHOLDERS' EQUITY</u>			
<b>Capital Stock (note 3)</b>			
Authorized — 4,000,000 shares of \$1 each			
Issued — 2,676,504 shares (1967 — 2,376,504 shares )		2,676,504	2,376,504
Less discount		<u>2,098,854</u>	<u>1,948,854</u>
		577,650	427,650
<b>Deficit</b>		<u>176,400</u>	<u>172,210</u>
		<u>401,250</u>	<u>255,440</u>
		<u>\$ 794,465</u>	<u>\$ 641,286</u>

Approved by the Board

"J. D. Liard", Director

"C. W. Streit", Director

### AUDITORS' REPORT

To the Shareholders of COLUMBIA METALS CORPORATION LIMITED

We have examined the balance sheet of Columbia Metals Corporation Limited as at June 30, 1968 and the statements of exploration, development and administrative expenditures deferred and source and application of funds for the six months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at June 30, 1968 and the results of its operations and the source and application of its funds for the six months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON  
Chartered Accountants

Toronto, Canada, July 22, 1968

# ***Columbia Metals Corporation Limited***

## **STATEMENT OF EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES DEFERRED**

**SIX MONTHS ENDED JUNE 30, 1968**

(with comparative figures for the six months ended June 30, 1967)

	<u>1968</u>	<u>1967</u>
Exploration and development expenditures		
Wages	\$ 23,490	\$ 750
Board and lodging	2,519	
Diamond drilling	5,727	
Road construction and maintenance	16,971	
Equipment rental	11,697	(937)
Tools and supplies	8,846	555
Assaying	742	
Local transportation	2,445	
Engineering fees and expenses	9,088	1,544
Insurance	1,409	296
Taxes and licenses	656	595
General expense at the property	1,367	
Other exploration expenditures	<u>287</u>	<u>(194)</u>
	<u>85,244</u>	<u>2,609</u>
Administrative and other expenditures		
Administrative salaries	500	
Travelling	1,842	1,216
Legal fees and expenses	4,320	1,145
Accounting and audit fees	1,800	750
Shareholders' reports	223	
Transfer agent and registrar fees	439	
Stock listing expense	250	(1,000)
Telephone and telegraph	693	177
Miscellaneous expenses	<u>138</u>	<u>70</u>
	<u>10,205</u>	<u>2,358</u>
	95,449	4,967
Deduct interest received	<u>894</u>	<u>446</u>
Expenditures (net) for the period	94,555	4,521
Expenditures deferred at beginning of period	<u>451,947</u>	<u>388,774</u>
Expenditures deferred at end of period	<u>\$546,502</u>	<u>\$393,295</u>



# ***Columbia Metals Corporation Limited***

## **STATEMENT OF SOURCE AND APPLICATION OF FUNDS**

**SIX MONTHS ENDED JUNE 30, 1968**

(with comparative figures for the six months ended June 30, 1967)

Source of funds	<u>1968</u>	<u>1967</u>
Capital stock issued for cash	<u>\$60,000</u>	
Application of funds		
Exploration, development and administrative expenditures (net)	94,555	\$ 4,521
Purchase of equipment	<u>830</u>	<u>1,524</u>
	<u>95,385</u>	<u>6,045</u>
Decrease in working capital	35,385	6,045
Working capital at beginning of period	<u>86,341</u>	<u>88,162</u>
Working capital at end of period	<u>\$50,956</u>	<u>\$82,117</u>

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 1968**

### **1. BUILDINGS AND EQUIPMENT**

Buildings and equipment costing \$370,564 were written down to \$30,000 at June 30, 1963 in recognition of the physical deterioration which had occurred over a period of years. Since June 30, 1963 expenditures on purchase of equipment have amounted to \$47,712.

### **2. ADVANCES BY YELLOWKNIFE BEAR MINES LIMITED**

Under an agreement with Yellowknife Bear Mines Limited dated January 26, 1953, the company's liabilities under its mortgages and notes were reduced to the amount paid by Yellowknife Bear Mines Limited to acquire the obligations and Yellowknife Bear Mines Limited undertook certain exploration work upon the company's properties. Amounts expended by Yellowknife Bear Mines Limited in acquiring such obligations and in exploration are to be repaid, without interest, upon bringing the property into production.

### **3. CAPITAL STOCK**

Pursuant to an underwriting and option agreement dated June 4, 1968, the company issued 100,000 shares of its capital stock at 60¢ per share during the six months ended June 30, 1968, and granted an option on an additional 300,000 shares as follows:

<u>No. of shares</u>	<u>Price per share</u>	<u>Exercisable on or before</u>
100,000	60¢	August 21, 1968
100,000	70¢	November 21, 1968
100,000	80¢	February 21, 1969

